



House of Representatives

General Assembly

File No. 526

February Session, 2014

House Bill No. 5140

House of Representatives, April 14, 2014

The Committee on Finance, Revenue and Bonding reported through REP. WIDLITZ of the 98th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING PROPERTY TAX RELIEF ON CERTAIN REAL PROPERTY HELD IN TRUST.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 12-129n of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2014, and applicable to assessment years commencing on and after*
4 *said date*):

5 (a) Any municipality may, by vote of its legislative body on
6 recommendation of its board of finance or equivalent body, provide
7 property tax relief to residents of such municipality, with respect to
8 real property owned and occupied by such residents as their principal
9 residence, or held in trust for and occupied by such residents as their
10 principal residence, who are (1) sixty-five years of age and over, or
11 whose spouses, living with them, are sixty-five years of age or over or
12 sixty years of age or over and the surviving spouse of a taxpayer
13 qualified in such municipality under this section at the time of his or
14 her death or with respect to real property on which such residents or

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 15 \$	FY 16 \$
Various Municipalities	Grand List Reduction	None	Potential

Explanation

The bill expands a local option property tax exemption for elderly or disabled residents to include properties held in trust for and used by such residents as their primary home.

It is not known how many residents the bill makes eligible for this exemption. Any municipality that has this exemption would experience a grand list reduction to the extent that the bill increases the number of eligible residents. Such grand list reduction would result in a reduced property tax levy, given a constant mill rate.

As the bill is effective as of the October 2014 Grand List, any grand list reduction would first occur in FY 16.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**HB 5140*****AN ACT CONCERNING PROPERTY TAX RELIEF ON CERTAIN REAL PROPERTY HELD IN TRUST.*****SUMMARY:**

The law authorizes municipalities to provide property tax relief to qualifying elderly and disabled homeowners for real property they own and occupy as their principal residence. This bill specifically allows them to offer the tax relief to a qualifying resident who occupies, as his or her principal residence, a property held in trust for him or her.

EFFECTIVE DATE: October 1, 2014, and applicable to assessment years starting on or after that date.

BACKGROUND***Local Option Property Tax Relief Program for Elderly and Disabled Homeowners***

By law, to qualify for the tax relief, the homeowner must have been a taxpayer in the town for at least a year and be (1) at least age 65 or (2) permanently and totally disabled. The homeowner must also meet the municipality's maximum allowable income requirements during the calendar year before the year he or she applies for the tax relief.

The overall amount of tax relief a municipality can provide is limited to no more than 10% of the total value of real property in the municipality in a given year. And the total value of tax relief a homeowner can receive under this and the tax freeze and circuit breaker programs cannot exceed his or her annual tax. The town may put a lien on the property for the amount of the tax relief, and must do so if the relief provided under all these programs combined is more than 75% of the tax owed (CGS § 12-129n).

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Change of Reference

Yea 15 Nay 0 (03/12/2014)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 50 Nay 0 (04/01/2014)